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(E33)

U.S. PROPOSAL FOR MODIFICATION OF IML FOR PRC (u)

Refer to 12
March 1986

OCTOBER 6, 1986

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FY87 0971 09 J
3 October 1986

1. (C) Entire Text

2. SUMMARY INSTRUCTIONS:

This cable sets out the negotiating guidance for the USG team during discussions on the liberalization of the International Munitions List for the PRC. The USDEL/Washington will stress in his opening statement and during the negotiations that:

a) The US is in an early stage in its military trade relationship with China and cannot accept national discretion licensing of individual products and technologies.

b) The US will consider the use of favorable consideration procedures for selected products and technologies

c) Any US negotiations for relaxation of IML controls to the PRC are based on the assumption of approval of a validity note and safeguard clause for each item of concern.

d) Production technology is of such sensitivity that the United States cannot consider anything less than full committee review of equipment and technology covered by IML 18.

e) The US negotiations and positions are based on adding an MOU to the existing IML and not upon changes to the Italian proposal withdrawn by them at the last session.

END SUMMARY

3. The US guidance clearly treats the PRC differently from the other CoCom proscribed destinations. It carries liberalization forward both bilaterally and multilaterally. It speeds up the handling of IML cases for the PRC while providing for an accurate accounting of the products and technologies sold by other countries. It also protects US options to react to future adverse changes in Chinese policy, the Chinese regime or other external and internal situations.

4. The US position is based on the following general assumptions:

a. That a validity note reading substantially as follows is made a part of each IML item for which liberalizations are proposed. The head of delegation has flexibility in negotiating the period of the validity note up to a maximum of two years.

"This item is valid for a period of one year from the date of its entry into force [], and its renewal for each successive one year period will require the Committee's unanimous consent. The fact that no request for change has been submitted to the Committee for at least 60 days before the expiration date will constitute unanimous consent. In the absence of unanimous consent regarding its extension or amendment, the definition of Item ML [] in COCOM Document [] (unamended) will enter into force once more."

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2

FY87 0971 09 J
3 October 1986

b. That safeguard provisions reading substantially as follows be added as a closely held SOU:

"It is understood by member governments that in the event of any action which would pose a serious threat to the national interest of any member country, shipments of Munitions List equipment and the issuance of licenses for such shipments will be suspended upon formal notification to COCOM by a member country. Members may request the suspension of shipments and issue of licenses under any or all munitions list provisions. Such notification will initiate a review by the Committee of the suspended provisions for Munitions List exports to China. In the absence of unanimous agreement to continue the suspended procedures, the definition of the International Munitions List in COCOM Document [] (unamended) will enter into force once more."

c. The US continues to insist that shipments under IML Items 11, 12, 16 and 18 be considered under full exception procedures.

[d. The de minimus and servicing procedure will not apply to the Munitions List.

e. End user provisions applied by each member will ensure that there will be no diversion to a third country and that the documentation employed is endorsed by a designated authority of the Chinese Ministry of National Defense.

5. The US Delegation may negotiate the technical parameters of IML items on an individual basis if desired but in no case will the US agree to liberalizations exceeding those outlined below without further consultation with Washington.

*to be discussed
at the mtg.*

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